



Indiana Association  
of REALTORS®

[www.indianarealtors.com](http://www.indianarealtors.com)

# *Reforming Assessment in Indiana*

*Testimony Before the Commission on State Tax  
and Financing Policy*



July 30, 2007

# Why Wrong Assessments Matter

Taxpayer	Market Value	Assessed Values		
		Correct	Error Rate	Wrong
Smith	150,000	150,000	-25%	112,500
Jones	150,000	150,000	-15%	127,500
Doe	150,000	150,000	-30%	105,000
Ray	150,000	150,000	20%	180,000
Mie	150,000	150,000	5%	157,500
Total	750,000	750,000		682,500

Taxpayer	Market Value	Correct Tax Rate	Wrong Tax Rate	Tax Bill		
				Correct	Wrong	Difference
Smith	150,000	0.025	0.0275	3,750	3,094	(656)
Jones	150,000	0.025	0.0275	3,750	3,506	(244)
Doe	150,000	0.025	0.0275	3,750	2,888	(863)
Ray	150,000	0.025	0.0275	3,750	4,950	1,200
Mie	150,000	0.025	0.0275	3,750	4,331	581



# *IAR Recommendations*

- Eliminate Township Assessment*
  - At Least County Level Jurisdiction*
  - Require Higher Standard of Expertise*
- State Ratio Studies*
  - Equalize Where Necessary*
  - Evaluate Local Assessor*
- 21<sup>st</sup> Century data standards*
  - Statewide Standards & Enforce Them!*
- Investment in Capacity*
  - Little or no “efficiency” savings likely*
- Local government consolidation*



# Indiana Fiscal Policy Institute Equalization Study Results

<b>Summary of Equalization Results</b>			
<b>Median Ratio</b>		<b>Met IAAO Standard</b>	<b>Did Not Meet IAAO</b>
<b><u>Counties:</u></b>	Residential Improved	90.8%	9.2%
	Commercial & Industrial Improved	54.2%	45.8%
<b><u>Townships:</u></b>	Residential Improved	86.7%	13.3%
	Commercial & Industrial Improved	54.1%	45.9%
<b>Coefficient of Dispersion</b>		<b>Met IAAO Standard</b>	<b>Did Not Meet IAAO</b>
<b><u>Counties:</u></b>	Residential Improved	14.9%	85.1%
	Commercial & Industrial Improved	10.2%	89.8%
<b><u>Townships:</u></b>	Residential Improved	20.6%	79.4%
	Commercial & Industrial Improved	12.2%	87.8%



# Indiana Fiscal Policy Institute Equalization Study Results

<b>Summary of Equalization Results</b>		
<b>Consistency Across Jurisdictions</b>	<b>Within +/- 5%</b>	<b>Not Within +/- 5%</b>
Townships within Counties	Residential Improved 73.0%	27.0%
	Commercial & Industrial Improved 56.2%	43.8%
Percentage of Counties Affected	Residential Improved 72.4%	27.6%
	Commercial & Industrial Improved 12.2%	87.8%
<b>Sales Chasing</b>	<b>Townships</b>	<b>Counties</b>
Number of Jurisdictions Tested	733	65
Number of Jurisdictions in Which Sales Chasing Evidence Found	195	51
Percentage of Jurisdictions Affected	26.6%	78.5%

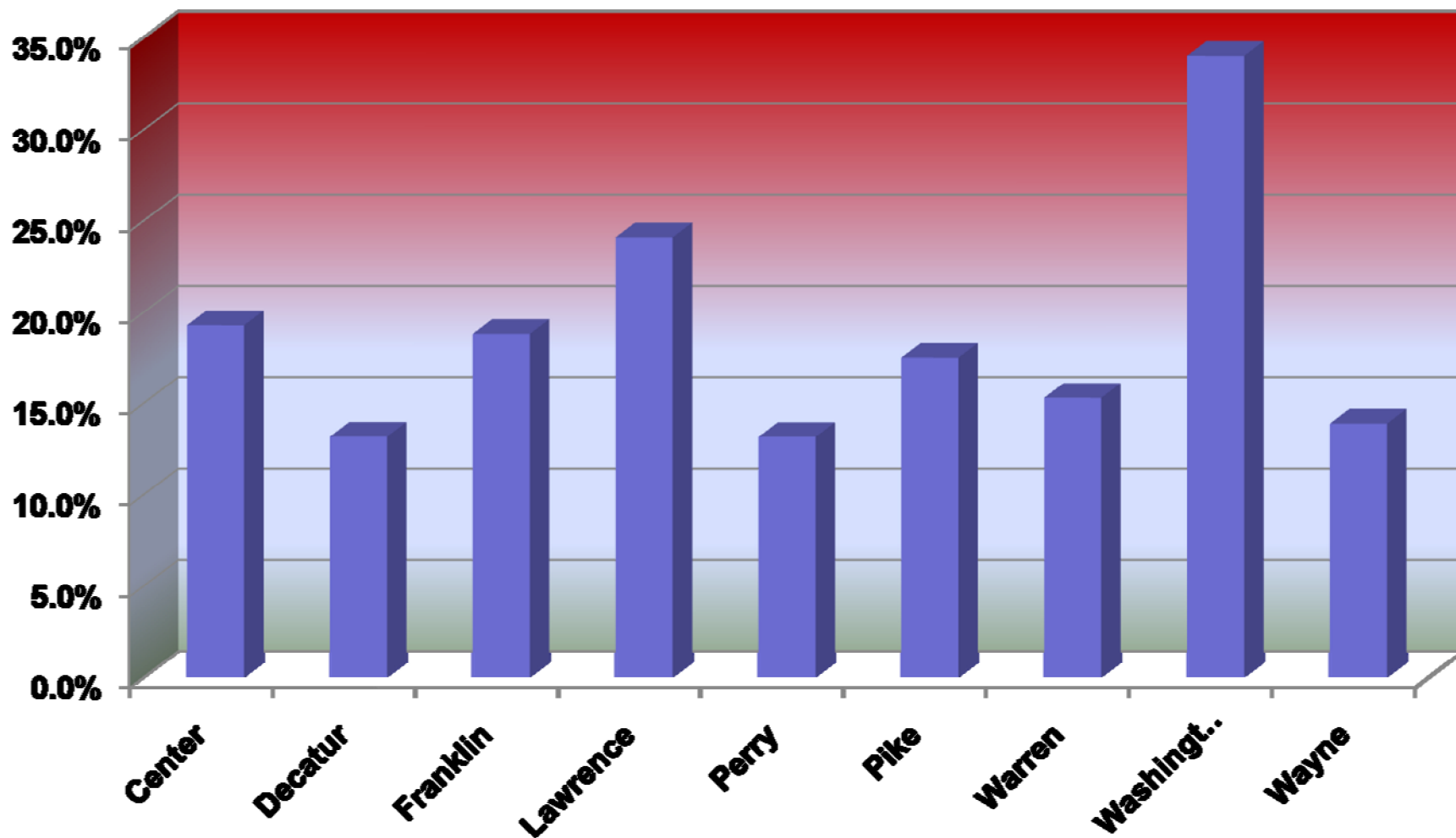


# *Indiana Fiscal Policy Institute Equalization Study Findings*

- ***No accountability across assessing jurisdictions,***
- ***Systematic lack of uniformity in assessment practice and assessment results.***
- ***Townships did not meet IAAO Standards for Assessment Quality***
- ***Inconsistent interpretation of Property Tax Law and Administrative Practice***



# ***Marion County Trending: Residential Percent Change by Township***



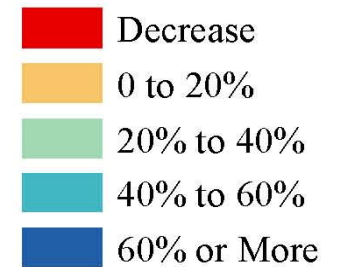


# Marion County

## Residential

### Property Tax Study

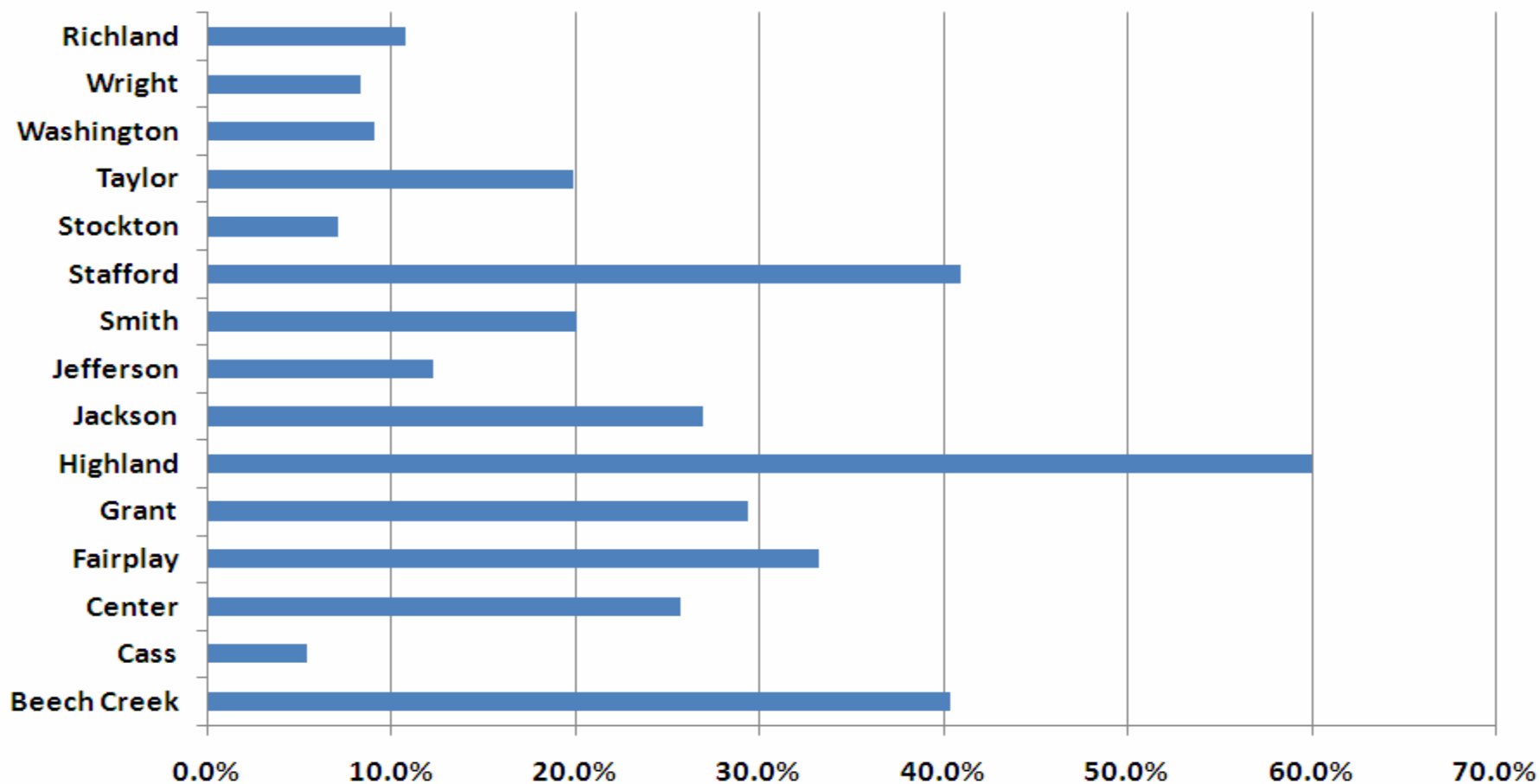
2007 Tax Increase



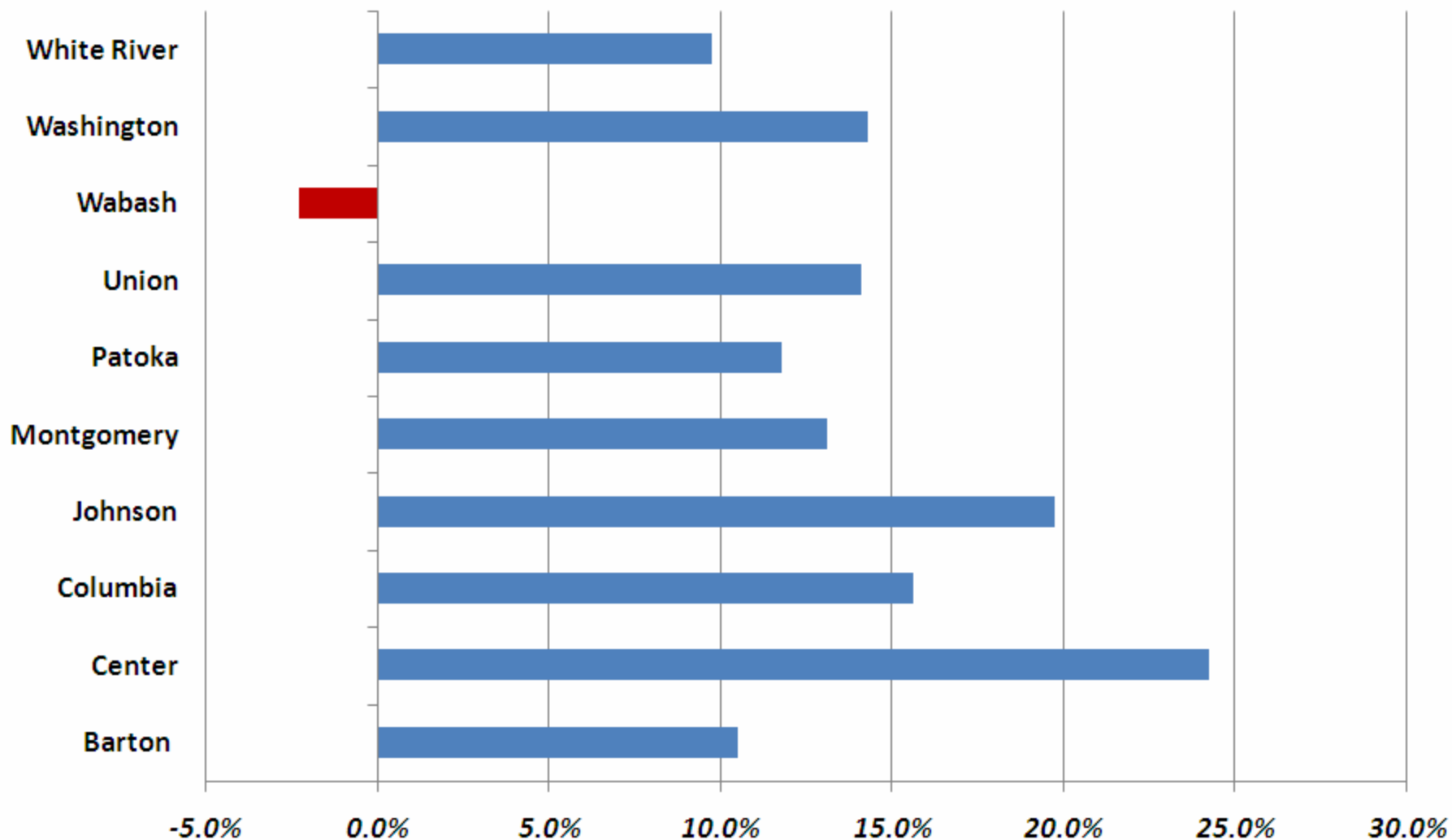
**The Polis Center**  
*We bring things into perspective.<sup>SM</sup>*



## ***Greene County Trending: Residential Percent Change by Township***



## ***Gibson County Trending : Residential Percent Change by Township***



# *Continuing Data Issues*

- ***Data Issues Contribute to Delays and Inability to Perform Analysis***
  - ***Conversion of Parcel Auditor Parcel Data to Assessor Property Class Codes***
  - ***State vs. Local Township Coding***
  - ***State vs. Local Township and Taxing District Coding***



# Why Wrong Assessments Matter

Taxpayer	Market Value	Assessed Values		
		Correct	Error Rate	Wrong
Smith	150,000	150,000	-25%	112,500
Jones	150,000	150,000	-15%	127,500
Doe	150,000	150,000	-30%	105,000
Ray	150,000	150,000	20%	180,000
Mie	150,000	150,000	5%	157,500
Total	750,000	750,000		682,500

Taxpayer	Market Value	Correct Tax Rate	Wrong Tax Rate	Tax Bill		
				Correct	Wrong	Difference
Smith	150,000	0.025	0.0275	3,750	3,094	(656)
Jones	150,000	0.025	0.0275	3,750	3,506	(244)
Doe	150,000	0.025	0.0275	3,750	2,888	(863)
Ray	150,000	0.025	0.0275	3,750	4,950	1,200
Mie	150,000	0.025	0.0275	3,750	4,331	581





Indiana Association  
of REALTORS®

[www.indianarealtors.com](http://www.indianarealtors.com)

[Mbrown@indianarealtors.com](mailto:Mbrown@indianarealtors.com)

[Sjohnson@indianarealtors.com](mailto:Sjohnson@indianarealtors.com)

317-266-9579, ext. 102, ext. 103

